

To the Members of the California State Senate:

I am returning Senate Bill 1144 without my signature.

A top priority of my Administration is to provide access to affordable prescription drugs. However, importing drugs from Canada or assisting residents in their efforts to do so would violate federal law and could expose the State to civil, criminal and tort liability. We all would like to see low-income uninsured residents have access to more affordable medicines, but measures such as this, over-simplify the complex safety, trade, supply and pricing issues involved in this marketplace. In light of these circumstances, I do not believe SB 1144 will bring the necessary relief to Californians who require assistance in accessing necessary medicines.

In an effort to bring significant price reductions to California's most at-risk consumers, my Administration put forward "California Rx" that seeks to provide real assistance to these Californians. California Rx represents an approach that harnesses the purchasing power of low-income seniors and uninsured Californians up to 300% of the federal poverty level (\$47,000 for a family of three) to secure meaningful discounts in prescription drug costs. My Administration has begun negotiations with pharmaceutical companies regarding their participation in California Rx. While I am encouraged by the concrete commitments made by some members of the industry, I am disappointed that many companies have not yet stepped up and offered meaningful discounts for this population. Over the next six weeks, I will continue negotiations to secure significant discounts for California's low-income uninsured, and I hope to move forward with a legislative proposal in January 2005 to implement California Rx. If, however, specific companies and the industry as a whole are not willing to provide a real solution to this problem, I will work closely with the State Legislature to develop an approach that guarantees significant reductions in prescription drug prices for California's low-income uninsured residents.

Come January, I will propose legislation that will bring lower-cost prescription drugs to California's most vulnerable residents. I am still hopeful that California Rx will be the vehicle to secure those price reductions, but for a voluntary, negotiated model such as California Rx to work, the drug companies must come forward and negotiate in good faith. I call upon the companies to help solve this problem through California Rx; but if I cannot rely on the good faith negotiations of the industry, I will use all the options at my disposal to secure lower-cost prescription drugs for low-income, uninsured Californians.

For these reasons I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger